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July 16, 2013

**Dennis Simpson
Director - Division of Capital Planning
Maryland Transportation Authority
2310 Broening Highway - Suite 125
Baltimore, MD 21224**

Subject: Intercounty Connector (ICC) - Analysis of Hypothetical Toll Rate Changes

Dear Mr. Simpson:

We are pleased to submit our summary findings for analysis of hypothetical toll rate change scenarios for the Intercounty Connector (ICC). These scenarios included the following:

- § Reducing toll rates by 25%, 33%, and 50% for the entire day; and**
- § Reducing toll rates by 50% for off-peak hours only**

Estimated Transaction and Toll Revenue Impacts

Exhibit A shows a summary of the estimated annual transactions and toll revenue for the Base Case forecast prepared in 2011 and for each of the hypothetical rate reduction scenarios covering a period of 2013 through 2020. Each hypothetical scenario is compared against the Base Case forecast. As shown, reducing toll rates by 25 percent is estimated to result in 10 to 12 percent more transactions per year, and between 14 and 16 percent less revenue when compared against the Base Case. Reducing toll rates by 50 percent is estimated to result in 20 to 24 percent more transactions per year, and between 31 and 35 percent less revenue. Reducing off-peak toll rates only by 50 percent is estimated to result in 12 to 13 percent more transactions and 13 to 18 percent less revenue when compared to the Base Case.





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Exhibit A
Estimated Annual Transactions and Toll Revenue
Hypothetical Toll Rate Scenarios

Fiscal Year	Total Transactions (thousands) w/ Ramp Up								
	Base Case Forecast	Reduce Toll Rates by 25%	Percent Impact	Reduce Toll Rates by 33%	Percent Impact	Reduce Toll Rates by 50%	Percent Impact	Reduce Off-peak Toll Rates by 50%	Percent Impact
2013	22,826	25,383	11.2%	26,265	15.1%	27,841	22.0%	25,796	13.0%
2014	27,635	30,865	11.7%	32,027	15.9%	34,157	23.6%	31,344	13.4%
2015	37,216	41,040	10.3%	42,436	14.0%	45,082	21.1%	42,186	13.4%
2016	38,293	42,138	10.0%	43,455	13.5%	46,310	20.9%	43,188	12.8%
2017	39,836	44,052	10.6%	45,538	14.3%	48,759	22.4%	45,264	13.6%
2018	40,798	45,148	10.7%	46,533	14.1%	49,666	21.7%	46,045	12.9%
2019	42,742	46,939	9.8%	48,327	13.1%	51,451	20.4%	47,728	11.7%
2020	43,512	47,906	10.1%	49,878	14.6%	53,309	22.5%	49,144	12.9%

Fiscal Year	Total Revenue (thousands) w/ Ramp Up & Leakage								
	Base Case Forecast	Reduce Toll Rates by 25%	Percent Impact	Reduce Toll Rates by 33%	Percent Impact	Reduce Toll Rates by 50%	Percent Impact	Reduce Off-peak Toll Rates by 50%	Percent Impact
2013	\$39,557	\$33,482	-15.4%	\$31,353	-20.7%	\$27,013	-31.7%	\$32,451	-18.0%
2014	\$49,764	\$42,266	-15.1%	\$39,561	-20.5%	\$34,217	-31.2%	\$40,567	-18.5%
2015	\$65,148	\$54,676	-16.1%	\$50,973	-21.8%	\$43,664	-33.0%	\$54,171	-16.8%
2016	\$70,233	\$59,311	-15.6%	\$55,337	-21.2%	\$46,489	-33.8%	\$59,098	-15.9%
2017	\$73,028	\$61,816	-15.4%	\$57,820	-20.8%	\$48,923	-33.0%	\$61,592	-15.7%
2018	\$78,411	\$66,100	-15.7%	\$61,522	-21.5%	\$51,676	-34.1%	\$66,931	-14.6%
2019	\$82,095	\$68,761	-16.2%	\$63,937	-22.1%	\$53,526	-34.8%	\$69,363	-15.5%
2020	\$87,640	\$75,164	-14.2%	\$68,850	-21.4%	\$57,518	-34.4%	\$75,959	-13.3%

Note: Percent Impact is compared to Base Case forecast.

We sincerely appreciate the opportunity to continue to provide assistance to MdTA. We trust this analysis meets your needs.

Sincerely,

Scott A. Allaire

Scott Allaire
Vice President
CDM Smith Inc.

cc: David Chapin – MdTA
David Greene – MdTA
Kirk Haybarker – CDM Smith